

Message Text

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PAGE 01 STATE 250645

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ORIGIN EA-03

INFO OCT-01 ISO-00 /004 R

66615

DRAFTED BY EA/

NKJWEAVER:ARCK

APPROVED BY EA/ROC:BLEVIN

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R 132313Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

LIMITED OFFICIAL USE STATE 250645

FOL REPEAT HONG KONG 12215 SENT ACTION PEKING INFO SECSTATE
NOV 09

QTE

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E.O. 11652: N/A

TAGS: ETRD, CH, US

SUBJ: NATIONAL COUNCIL EXECUTIVE REVIEWS CHINA TRADE PROBLEMS

1. LAST WEEK, BEFORE HE WENT ON TO THE CANTON FAIR AND
PEKING, EUGENE THEROUX, NATIONAL COUNCIL FOR U.S.-CHINA
TRADE VICE PRESIDENT, DISCUSSED WITH CONGEN OFFICERS AND
AMERICAN CHAMBER OFFICIALS THE OBJECTIVES OF HIS TRIP
AND HIS CONCERN ABOUT THE FUTURE OF NCUSCT. ACCORDING
TO THEROUX, THERE IS STILL NOTHING DEFINITE ABOUT THE

COMPOSITION AND TIMING OF THE CCPIT RECEPROCITY VISIT OR
A CHINESE MARKETING MISSION TO THE UNITED STATES, ALTHOUGH
BOTH ARE GENERALLY REGARDED AS POSSIBILITIES. HE HOPES TO
OBTAIN A FIX ON CHINESE PLANS DURING HIS TRIP.

2. ANOTHER POSSIBILITY WHICH HE WILL INVESTIGATE IS A
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FULL-SCALE CHINESE TRADE EXHIBITION IN THE U.S. NCUSCT

HAS BEEN URGING THIS ON THE LIAISON OFFICE, INDICATING THAT PLANNING WILL HAVE TO START NOW FOR A SHOW IN THE 1976/77 PERIOD. THE CHINESE, HE SAID, ARE GOING TO WANT IT SOONER THAN THAT WHEN AND IF THEY DECIDE THEY WANT IT. FURTHERMORE, SHOULD THE CHINESE INTEREST CRYSTALLIZE, THE FIRST MAJOR PROBLEM TO BE OVERCOME WOULD BE THE ESTABLISHMENT OF AN EXEMPTION FROM THE CLAIMS ISSUE FOR THE CHINESE EXHIBIT GOODS, EITHER THROUGH A SPECIFIC CONGRESSIONAL EXEMPTION FOR THE EXHIBITION OR FOR THE EXHIBITING AGENCY.

3. MEANWHILE, THEROUX NOTED WITH RESIGNATION, THE CHINESE APPEAR TO BE PLAYING ALONG WITH MR. ABRAMS ON HIS PRIVATE CHINESE TRADE FAIR IN THE U.S. --THE "CHINA FRIENDSHIP FAIR." THE CHINESE HAVE NOT SEEMED TO LISTEN TO NCUSCT HINTS THAT ABRAMS IS A PROMOTER, HAS HAD HIS DEALINGS QUESTIONED AT LEAST ONE MAJOR U.S. BANK, AND THE WHOLE PROJECT HAS TO BE MORE CAREFULLY CHECKED. NCUSCT IS AFRAID THAT A FREINDSHIP FAIR FAILURE WILL SOUR THE CHINESE ON EXHIBITS IN THE U.S. AND CAST A SHADOW OVER THE DEVELOPING TRADE RELATIONSHIP.

4. ON THE U.S. EXPORT SIDE, THEROUX FEELS THAT NCUSCT MUST PERSUADE THE CHINESE TRADE AUTHORITIES TO ACCEPT THE POSSIBILITY OF SMALL U.S. INDUSTRY SHOWS IN THE INTERVAL OF SEVERAL YEARS BEFORE A FULL-SCALE U.S. TRADE EXHIBIT IN PEKING WOULD BE POSSIBLE.

5. ANOTHER PROJECT WHICH THEROUX WANTS TO SOUND OUT IS THE POSSIBILITY OF A PRIVATE, NCUSCT-RUN "TRADE PROMOTION OFFICE" IN PEKING. AS HE OUTLINES IT, THE TRADE PROMOTION OFFICE WOULD HELP ESTABLISH SALES CONTACTS WITH PRC BUYING AGENCIES, TRACK DOWN INDIVIDUAL OPPORTUNITIES AND PROVIDE BACK-UP OFFICE SERVICES (DUPLICATING, SECRETARIAL, TRANSLATION, ETC.) FOR VISITING U.S. BUSINESSMEN. WE WERE VERY UNENTHUSIASTIC ABOUT THIS PORPOSAL AND SUGGESTED THAT HIS SOUNDINGS START WITH USLO.

6. IN ALL THESE MATTERS, WE GOT THE IMPRESSION THEROUX WAS REALLY LISTENING TO THE SOUND OF HIS IDEAS RATHER THAN ENUNCIATING NCUSCT POLICY AND PROGRAMS. HE WAS OBVIOUSLY NOT SURE IN WHICH DIRECTION NCUSCT COOPERATION WITH THE LIMITED OFFICIAL USE

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PRC WOULD DEVELOP, BUT HE WAS SURE THAAT THERE WOULD HAVE TO BESOME DEVELOPMENTS SOON OR THE TWO-YEAR-OLD ORGANIZATION WILL BE IN TROUBLE WITH A NUMBER OF ITS 250 U.S. BUSINESS MEMBERS. HE WAS QUITE FRANK ABOUT THIS. NCUSCT MEMBERSHIP IS NOT INEXPENSIVE AND, AT THIS POINT, IT IS DIFFICULT TO PROVE WHAT'S IN IT FOR THE MEMBERS. THERE IS SO LITTLE TO GO AROUND THAT,IF ONE MEMBER GET A PRC CONTRACT, ALL THE COMPETING MEMBERS GET DISCOURAGED.

AGAINST THIS BACKGROUND, THE PROBABILITY THAT THE PRC WILL
BE WORKING WITH A PRIVATE PROMOTER (EVEN THOUGH AN NCUSCT
MEMBER) FOR ITS FIRST U.S. TRADE EXHIBITION IS DOUBLY
DISCOURAGING TO THEROUX.

7. USLO WILL BE DISCUSSING THESE MATTERS WITH THEROUX,
AND WE WILL BE MEETING WITH HIM AGAIN ON HIS WAY OUT OF
CHINA. HOWEVER, WE THOUGH IT WISE TO ADVISE THE
ADDRESSEES OF SOME OF THE THINGS THEROUX HAS ON HIS MIND.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE VISITS, TRADE FAIRS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE250645
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740328-0258
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741146/aaaabmmx.tel
Line Count: 128
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUL 2002 by elyme>; APPROVED <17 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NATIONAL COUNCIL EXECUTIVE REVIEWS CHINA TRADE PROBLEMS
TAGS: ETRD, CH, US, (THEROUX, EUGENE)
To: TAIPEI
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005